BEFORE
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NOS. 2019-185-E and 2019-186-E

South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Duke Energy Carolinas, LLC's and Duke Energy Progress LLC's Standard Offer Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) – S.C. Code Ann. Section 58-41-20(A)	**PARTIAL PROPOSED ORDER ON RECONSIDERATION OF SOUTH CAROLINA SOLAR BUSINESS ALLIANCE AND JOHNSON DEVELOPMENT ASSOCIATES**

COME NOW Intervenors the South Carolina Solar Business Alliance ("SCSBA") and Johnson Development Associates ("JDA," and together with SCSBA, "Industry Intervenors"), pursuant to the Commission Directive issued in these dockets on January 30, 2020, and jointly file this Partial Proposed Order on Reconsideration.

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I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina ("Commission") on petitions for reconsideration, clarification, and/or limited rehearing of its *Amended Order Approving Duke Energy Carolinas, LLC's And Duke Energy Progress LLC's Standard Offer Tariffs, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, and Commitment to Sell Forms*, Order No. 2019-881(A) ("Amended Order") filed in these dockets by Intervenors the South Carolina Solar Business Alliance ("SCSBA") and Johnson Development Associates ("JDA," and together with SCSBA, "Industry Intervenors"); Intervenors the South Carolina Coastal Conservation League and the Southern Alliance for Clean Energy ("SACE/CCL"); and Petitioners Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP," and together with DEC, "Duke"). As discussed further below, the Commission: (1) grants in part and denies in part Industry Intervenors and SACE/CCL's requests for reconsideration; (2) grants Industry Intervenors' request for limited rehearing on the issue of contracts longer than ten years; (3) grants Industry Intervenors' request for clarification regarding the Integration Study authorized by Act 62; and (4) denies Duke's request for reconsideration.

II. STANDARD FOR RECONSIDERATION

Pursuant to S.C. Code Ann. § 58-27-2150, a party may apply to the Commission for a rehearing in respect to any matter determined in the proceeding. "The purpose of a petition for rehearing and/or reconsideration is to allow the Commission the discretion to rehear and/or reexamine the merits of issued orders pursuant to legal or factual questions raised about those orders by parties in interest, prior to a possible appeal." *In re: South Carolina Electric & Gas Company*, Order No. 2013-05 (Feb. 14, 2013). S.C. Code Ann. Regs. § 103-825(A)(4) provides that a Petition for Rehearing or Reconsideration shall set forth clearly and concisely: (a) the factual

and legal issues forming the basis for the petition; (b) the alleged error or errors in the Commission order; and (c) the statutory provision or other authority upon which the petition is based.

III. ORDER ON RECONSIDERATION, CLARIFICATION, AND/OR LIMITED REHEARING

A. Avoided Cost Rates

In Order No. 2019-881(A), the Commission approved Duke's proposed avoided energy rates for the Standard Offer, as well as the underlying calculations, methodologies, and rate design. Industry Intervenors petition for reconsideration on two aspects of this ruling.

First, Industry Intervenors argue that the Commission's rejection of SBA Witness Burgess's proposal to add two additional energy pricing periods to the DEC Standard Offer misunderstood the nature of Mr. Burgess's proposal as well as Power Advisory's recommendations on this issue. Second, Industry Intervenors argue that the Commission's approval of Duke's proposal to calculate avoided energy rates for Large QFs not eligible for the Standard Offer based on a specific solar production profile creates transparency problems and violates Act 62's requirement to calculate accurate avoided cost rates for solar plus storage QFs.

1. Pricing periods for avoided energy rates

As the Commission stated in its Amended Order, the development of more granular avoided cost rates by Duke is a positive development that can result in more accurate pricing. Order No. 2019-881(A) at 73. SBA/JDA witness Burgess proposed to add two more energy pricing periods (for a total of eleven) to DEC's proposed rates. The Commission rejected this proposal based on its understanding that the proposed additional pricing periods would be "specific to solar QFs" and were "proposed for the purpose of increasing a solar QF's revenue" above the utility's avoided cost. *Id*.

After further review of the evidence and the submittals of the parties, the Commission now understands that Mr. Burgess's criticism of DEC's proposed pricing periods was not that they under-compensated solar QFs, but that DEC's pricing periods would result in rates that do not accurately capture the utility's avoided cost. Nor were SBA's proposed rates "specific to solar QFs," as the Commission understood them to be. Rather, the proposed pricing periods would be available to all QFs eligible for the Standard Offer.

Based on this better understanding of Mr. Burgess's recommendations and the related evidence, the Commission reconsiders its finding that "there is not sufficient evidence demonstrating that implementation of this additional/modified rate design proposal is appropriate for the Standard Offer or cost beneficial to Duke's customers," Order No. 2019-881(A) at 74, and concludes instead that adoption of the two additional pricing periods proposed by SBA Witness Burgess would result in more accurate avoided energy rates, consistent with Act 62 requirements. DEC shall be required to add two additional pricing periods to the DEC Standard Offer, as proposed in SBA Witness Burgess's testimony. DEC shall be required to file an updated tariff reflecting this change within 30 days of the issuance of this Order.

2. Transparency of Large QF avoided cost rates

Industry Intervenors also request reconsideration of the Commission's approval of Duke's proposal to use a project-specific production profile to calculate avoided energy rates for Large QFs not eligible for the standard offer. Industry Intervenors' objection to the Commission's ruling in this respect is rooted primarily in concern about a lack of transparency in Duke's method for calculating rates for Large QFs, and the possibility that rates for Large QFs will less accurately reflect Duke's actual avoided costs than Standard Offer rates. Industry Intervenors assert that using a project-specific production profile for Large QF rates, as Duke propose, is significantly

different than using a "flat" 100 MW production profile, as Duke does for Standard Offer rates. *Intervenors Johnson Development Associates and South Carolina Solar Business Alliance's Petition for Clarification, Reconsideration, and/or Limited Rehearing* ("Interv. Pet.") at 21. The impact of that change on rates is difficult to discern because Duke did not provide any example of rate calculations based on a project-specific production profile. Industry Intervenors also assert that using a project-specific production profile for Large QF energy rates is problematic for solar plus storage facilities, which can alter their production profile, and would not provide clear price signals to those generators. *Id.* at 22-23.

The Commission agrees that Order No. 2019-881(A) did not adequately address these concerns, especially with regard to solar plus storage projects, which the Amended Order did not discuss in relation to this issue. It would be inconsistent with Act 62's requirements to establish a methodology or rate for Large QFs that is not reasonably transparent, and the Commission is persuaded that permitting the utility to use project-specific production profiles, without evidence in the record even to illustrate how use of a project-specific production profile would impact rates, would unacceptably undermine transparency. Moreover, given the potentially significant differences in calculations that might result from the use of project-specific production profiles, calculating rates for Large QFs in this way would potentially run afoul of Act 62's requirement that "the avoided cost rates offered by an electrical utility to a small power producer not eligible for the standard offer must be calculated based on the avoided cost methodology most recently approved by the commission." S.C. Code Ann. § 58-41-20(C).

Accordingly, the Commission reconsiders Order No. 2019-881(A) on this issue, and Orders Duke to prepare and file a tariff that is similar in structure to the Standard Offer, but is to apply to Large QFs (including those with energy storage). In calculating rates under that tariff,

Duke shall use a "flat," technology-neutral 100 MW production profile rather than a project-specific profile, but shall calculate rates using updated inputs, such as fuel prices and an updated resource plan. To be clear, Duke shall use the consistent inputs (and in particular the same resource plan) for the calculation of energy and capacity rates for Large QFs.[1] In the interest of transparency Duke shall be required to provide detailed information regarding those updated inputs on request to QFs that are negotiating a Power Purchase Agreement ("PPA") with Duke.

Notwithstanding the foregoing, the Commission wishes to clarify that under PURPA and Act 62, QFs are free to enter into negotiated PPAs with Duke that reflect alternative rate structures and terms that differ from what the Commission has approved here, so long as the rates agreed to do not exceed the utility's actual avoided cost. S.C. Code Ann. § 58-41-20(A); 16 U.S.C. § 824a-3(b). In other words, the parties can mutually *agree* to calculate avoided cost rates calculated based on a solar production profile, as long as those calculations are otherwise consistent with the Commission's Orders and do not result in rates above avoided cost.

3. Other issues

Industry Intervenors request reconsideration on two other issues related to Duke's avoided cost calculations: the adoption of the ORS recommendation for seasonal capacity allocation weightings; and the rejection of Industry Intervenors' proposal to factor in the cost of an aeroderivative CT unit when calculating the avoided capacity rate. We decline to grant reconsideration on these issues.

[1] Intervenors' Petition also requested that the Commission clarify that updated inputs used to calculate Large QF avoided cost rates should apply to both avoided capacity and avoided energy rates. Duke does not oppose this request for clarification. *Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Response to JDA/SCSBA and SACE/CCL Petitions for Rehearing or Reconsideration* at 29. We grant Intervenors' Petition in this respect, and clarify that issue here.

B. Longer Term Fixed Price PPA Proposals

Act 62 also provides that the Commission "may . . . approve commercially reasonable fixed price power purchase agreements with a duration longer than ten years, which must contain additional terms, conditions, and/or rate structures as proposed by intervening parties and approved by the commission, including but not limited to, a reduction in the contract price relative to the ten year avoided cost." *See* S.C. Code. Ann. § 58-41-20(F)(1). Industry Intervenors included two concepts for such longer-term contracts in their Proposed Order.

Order No. 2019-881(A) rejected these proposals, finding that although JDA witness Chilton and SCSBA Witness Levitas had extensively discussed the issue of contract duration and had outlined some potential concepts for "appropriate statutory conditions" that could protect ratepayers if the Commission were to approve longer-term contracts, "no intervening party to these proceedings elected to put into evidence a proposal that conforms to the mandates of S.C. Code Ann. § 58-41-20(F)(1)." Order No. 2019-881(A) at 164.

Industry Intervenors request that the Commission reconsider its decision on this issue and approve the proposals put forth by the Industry Intervenors; or in the alternative, that the Commission grant limited rehearing to allow the parties to introduce evidence on this issue. Industry Intervenors cite several categories of evidence that in their view would support a decision approving their PPA proposals, in compliance with Act 62. Interv. Pet. at 35.

Although Industry Intervenors did introduce extensive evidence concerning both the need for and the potential benefits of PURPA PPAs longer than ten years, the Commission nonetheless declines to reconsider its holding that Industry Intervenors' proposals had not properly been presented to the Commission in a way that afforded other parties an adequate opportunity to introduce their own evidence on those proposals.

However, the Commission acknowledges that while Act 62 requires that alternative PPA constructs with a term of longer than ten years be "proposed by intervening parties and approved by the commission," S.C. Code Ann. § 58-41-20(F)(1), the statute does not establish clear procedural requirements for doing so. Nor did the Commission's procedural orders in this matter establish clear procedures, or otherwise put the parties on notice that any such proposals would have to be included in the proposing party's prefiled testimony. Especially in light of the fact (which Ms. Chilton discussed in her testimony) that an intervenor would not know whether its own proposal would be financeable without having any idea what the applicable avoided cost rates would be, Industry Intervenors' failure to announce their proposals in testimony is excusable.

Duke argues in its response that rehearing on this issue is impermissible because S.C. Code Ann. § 58-27-2150 only authorizes rehearing on issues that are "determined in such proceedings." This argument is without merit. The Commission found, after due consideration of Industry Intervenors' requests that the Commission approve proposals for fixed price PPAs with a duration longer than 10 years, that those requests were "not supported by the evidence in the record." Order No. 2019-881(A) at 35. Whether those proposals were supported by the evidence is incontrovertibly an issue of fact decided by the Commission. The Commission is free to grant rehearing on this issue or on the broader issue of whether there are contractual terms and conditions, consistent with Act 62 requirements, that would ensure ratepayers' interest are protected.

Accordingly, we conclude that it would be in the public interest, and would be consistent with the goals of Act 62, to grant limited rehearing to allow the submittal of additional testimony by the parties regarding proposals for "commercially reasonable fixed price power purchase agreements with a duration longer than ten years," and corresponding conditions. S.C. Code Ann.

§ 58-41-20(F)(1). Such proposals may include, but shall not be limited to, the proposals already made by Industry Intervenors. To ensure compliance with due process and with the requirements of Act 62, such proceedings shall include an opportunity for intervention, discovery, filed comments or testimony, and an evidentiary hearing. S.C. Code Ann. § 58-41-20(A)(2).

C. Ratepayer Risk

Industry Intervenors' Petition devotes considerable attention to the issue of ratepayer risk, in light of Act 62's directive that the Commission, in considering issues related to avoided cost, to "strive to reduce the risk placed on the using and consuming public." S.C. Code Ann. § 58-41-20(A). Although the Commission will not reconsider its ultimate conclusions as to appropriate avoided cost rates, calculations, or methodologies (except as otherwise discussed herein), there are aspects of the Commission's findings on this issue that it will reconsider after further consideration of the evidence and of the submittals of the parties. The issue of ratepayer risk and benefit is also an important consideration with regard to fixed-price PPAs with terms longer than ten years, which the Commission orders limited rehearing on as discussed above.

As an initial matter, Industry Intervenors argue that the Commission inappropriately concluded that reducing avoided cost rates is necessary to reduce ratepayer risk, and that this conclusion is inconsistent with Act 62. *Id.* at 8. Petitioners are correct that Act 62 neither requires nor permits this Commission to reduce avoided cost rates (to "put a thumb on the scale," as it were) in order to reduce ratepayer risk. Avoided cost rates must fully and accurately reflect the costs avoided by the utility by purchasing QF energy and capacity. However, the Commission's ruling on avoided cost rates did not turn on its assessment of ratepayer risk.

Industry Intervenors also argue that the Commission failed to adequately consider both the costs and benefits of renewable energy in implementing Act 62's directive to reduce the risk placed

on the using and consuming public. Interv. Pet. at 3. They claim that Order No. 2019-881(A) "misapprehends" certain evidence presented by Industry Intervenors related to the risks that utility-owned generation presents to ratepayers, and disregarded other evidence on the relative risks of long-term fixed price PPAs. Industry Intervenors request that the Commission reconsider the Amended Order and recognize that (a) Duke significantly overstated the "overpayment risks" posed by long-term PPAs with QFs, and that (b) long-term QF PPAs in fact mitigate certain risks to ratepayers. *Id.* at 37.

1. Risks of Long-term PURPA PPAs

With regard to the risks posed to ratepayers by long-term fixed price contracts, the Commission found that "the potential overpayment risk of longer term fixed-rate contracts to be an appropriate consideration in this proceeding," and stated that it "should carefully consider the overpayment risk of administratively forecasting avoided cost rates under longer term PURPA contracts that are increasingly uncertain and subject to future changes in the utilities' avoided costs." Order No. 2019-881(A) at 42. The Commission stated that it found persuasive Duke Witness Brown's testimony describing Duke's recent experience implementing PURPA in North Carolina. A central focus of Mr. Brown's testimony was his claim that PURPA contracts in North Carolina expose Duke's ratepayers to a currently forecasted over-payment of approximately $2.26 billion under those contracts, as compared to the Companies' current avoided cost rates. *Id.* at 36. The Commission's Amended Order does not specifically endorse this claim by Duke, but could be read to do so.

On further review of the evidence, the Commission acknowledges that while it acknowledged SBA's testimony that Duke's concerns above overpayment risk are "overblown and

unfair," the Commission failed to address the expert opinions of ORS Witness Horii or its own consultant, Power Advisory, on this issue.

Mr. Horii testified, in a discussion of contracts longer than ten years, that with accurately derived avoided cost rates there "is no overpayment risk" to consumers from a PPA longer than ten years if avoided cost rates are calculated correctly. Tr. Vol. 2 at 546. R. Horii rebutted the testimony from Duke on ratepayer risk on longer term contracts by delving into the historically low natural gas prices and describing how "locking in" an accurately-calculated rate protects ratepayers and is consistent with the statutory mission of the ORS. Tr. Vol. 2 at 543-548. Mr. Horii surmised that he expects to see avoided cost rates rise over the next twenty years from where they are today due in part to natural gas prices. Tr. Vol. 2 at 548. Ultimately Mr. Horii testified that he "wouldn't put a whole lot of weight in" Duke's purported $2.26 billion overpayment figure. *Id.* at 596.

The Power Advisory Report also noted several important considerations relating to the supposed to risk of overpayment from QF resources. First, the risk of overstating the actual cost of natural gas is low due to already low gas prices with additional declines of about 25 percent projected between 2015 and 2019. Power Advisory Report at 7. Second, Duke's "overpayment" calculation overstates the reduction in value of the energy and capacity provided by these QFs, because the addition of this 4,000 MW of QF power itself contributes to the reduction in avoided costs, especially in relation to capacity. *Id.* at 6. Third, the fact that avoided cost will be updated at least every two years significantly reduces the risk of overpayment in the future. *Id.* And finally, Power Advisory highlighted that "there was general agreement that natural gas prices are at what some parties characterized as historic lows. This caused some parties, including Office of Regulatory Staff witness Mr. Horii, to argue that there's a greater risk of higher natural gas prices

and ultimately higher avoided costs than a risk of lower natural gas prices and lower avoided costs. Ms. Chilton argued that the potential benefits of locking in lower QF purchase prices now is greater than the potential risk." *Id.* at 9. These considerations and the recommendations of Power Advisory on this issue were not addressed in the Commission's Amended Order.

After further consideration of this evidence, the Commission finds it appropriate to reconsider the Amended Order to the extent it could be read to endorse Duke's theory that its ratepayers are exposed to a $2.26 "overpayment" as a result of PURPA contracts, and that future contracts raise an overpayment risk of similar magnitude. Although the Commission believes (and no party disputes) that there is a risk of "overpayment" versus market conditions in any long-term contract, including PURPA PPAs, Duke's assertion that PURPA PPAs have resulted in a $2.26 billion overpayment is not supported by the evidence. Furthermore, the risk of overpayment under additional long-term PURPA PPAs is mitigated by the fact that avoided cost rates are at historic lows, driven largely by historically low natural gas prices that are expected to rebound in the near future.

2. Ratepayer Risk and Utility-developed Generation

The Commission also reconsiders its conclusion that evidence concerning the risks of utility-constructed generation facilities is not relevant to its analysis of avoided cost rates or long-term PPAs under Act 62. Although Order No. 2019-881(A) recognized that uncontested evidence introduced by Industry Intervenors concerning the risk to ratepayers of utility-constructed generation projects, the Commission concluded that these risks were not relevant to its analysis under Act 62 because "the Commission's authority and responsibility to regulate the rates and service of public utilities in South Carolina is fundamentally different than the Commission's limited oversight of QFs through its implementation of PURPA." *Id.* at 27, 42, 45. The

Commission based this conclusion on two premises. The first is that "There are no limits on the amount of QF capacity that can be developed prior to the Commission's next review of Duke's avoided cost rates, such that the opportunity for QF development—and the associated cost risk for customers—is impacted only by the accuracy of the forecasted avoided rates set in this proceeding." Order No. 2019-881(A) at 45. The second is that construction of new utility-owned generation must be supported by the utility's resource planning and certification process, which is scrutinized by the ORS and other interested parties to ensure that utility investments in new generation are needed and can cost-effectively serve customers' future energy and capacity needs. *Id.* at 44.

Upon further review of the evidence and the parties' submittals, the Commission concludes that its first premise – that there are "no limits" on the amount of QF capacity that can be developed prior to the next biennial avoided cost proceeding – is legally and factually incorrect. Act 62 provides that utilities are only required to offer PPAs with minimum terms of ten years until the utility has executed interconnection agreements and PPAs with QFs located in South Carolina with an aggregate nameplate capacity equal to twenty percent of the previous five-year average of the electrical utility's South Carolina retail peak load. S.C. Code Ann. § 58-41-20(F)(2). After that level of penetration is reached, the Commission may change the minimum term of PPAs offered by the utilities, providing an effective means of regulating the level of QF development. Furthermore, as acknowledged by Duke Witness Brown, there are practical limitations on the ability of solar QFs in South Carolina to be developed, including in particular interconnection costs and delays, that will inhibit the development of additional solar QFs in South Carolina independent of Commission regulation. Tr. Vol. 1 at 104:16-105:2, 106:4-108:3 (Brown Cross-examination).

The Commission's second premise – that the Commission's authority to regulate utility investments in new generation insulates ratepayers from risk associated with such investments – also bears review. The Commission stands by its conclusion that the resource planning and certification process mitigates, to the extent possible, the risk that ratepayers will bear the costs of constructing *unnecessary* generating facilities. And the Commission's oversight of utility rates provides protection against construction and other costs that are *unreasonably* incurred by the utility. However, in light of recent events the Commission must acknowledge that, even when the utility acts reasonably and regulators do their job in compliance with the law, unforeseen events – such as changes in fuel prices or legitimate construction cost overruns – can expose ratepayers to risk whenever a utility builds, owns, and operates a generating unit. Those risks are different from, and may not be directly comparable to, the risks of long-term PPAs, but they are real and they must be considered under Act 62.

In this vein, the Commission also reconsiders its finding that risks associated with construction of public utility generation are not necessarily offset by QF solar generation because solar generation cannot *fully* replace non-solar generation as a capacity resource. Order No. 2019-881(A) at 28. As Industry Intervenors argue, solar QF generation can allow the utility to defer or reduce investment in non-solar generation, even if it cannot completely replace it. In so doing, QF generation provides some risk reduction benefit. Furthermore, solar plus storage QFs can provide significantly more capacity benefits than solar without storage, and may in fact allow the utility to completely offset some investments in non-solar generation. Tr. Vol. 2 at 802.3 (Davis Surrebuttal). In light of these facts, which were not addressed in Order No. 2019-881(A), the Commission concludes that long-term QF PPAs can mitigate (even if they cannot eliminate) certain risks associated with utility investment in new generation.

Notwithstanding the foregoing, the Commission wishes to emphasize that it did not rely on findings regarding the relative risks of long-term PURPA PPAs and utility-owned generation in reaching the conclusions in Order No. 2019-881(A) concerning avoided cost rates, calculations, and methodologies, PPA terms and conditions, or contracts longer than ten years. Consequently the limited reconsideration granted herein does not require reconsideration of any of the Ordering paragraphs of Order No. 2019-881(A).

D. Request for Clarification Regarding Duke Integration Study

Industry Intervenors request clarification as to whether the Commission intended, in Order No. 2019-881(A), to initiate an integration study for DEC and DEP as it did for Dominion Energy South Carolina, in accordance with Act 62. The Commission clarifies that such a study would be appropriate and that it does intend to initiate such a study in a separate docket.

Order No. 2019-881(A) approved the Solar Integration Service Charge (SISC) settlement entered into by Duke, SCSBA, JDA, and CCL/SACE. That settlement requires, and the Commission ordered, Duke to undertake "an independent technical review of the underlying modeling, inputs, and assumptions of the Integration Services Charge prior to the next avoided cost proceeding." Order No. 2019-881(A). But the Commission understands that this independent technical review is not intended to, and cannot, duplicate or replace the integration study authorized by Act 62.

The "independent technical review" called for by the SISC settlement is narrowly focused on Duke's methodology for calculating the SISC. The Act 62 Integration Study, by contrast, has a much broader scope, and is required to "evaluate what is required for electrical utilities to integrate increased levels of renewable energy and emerging energy technologies while maintaining economic, reliable, and safe operation of the electricity grid in a manner consistent

with the public interest." S.C. Code Ann. § 58-37-60(A). The procedural requirements for the Integration Study are also extensive, requiring an opportunity for interested parties to provide input on the appropriate scope of the study and also to provide comments on a draft report before it is finalized. Act 62 also requires that the results of the independent study shall be reported to the General Assembly, and authorizes the Commission to retain a consultant to assist it with this Study. It would be inconsistent with the language and intent of Act 62 to allow the technical review provided for in the SISC settlement (which was only agreed to by select parties in this docket) to substitute for the full Integration Study contemplated by Act 62. By the same token, the parties' agreement concerning independent technical in the SISC settlement would not be affected by the Commission's initiation of an integration study.

The Commission agrees with Duke that proceedings related to the Integration Study should be carried forward in a separate docket. The Commission will Order the Clerk to open a separate docket for that purpose.

IT IS THEREFORE ORDERED THAT:

1. The Commission grants limited reconsideration of Order No. 2019-881(A), as discussed in this Order.

2. For the Standard Offer, the Commission approves the energy pricing periods and rates proposed for DEC by SBA Witness Burgess. DEC shall be required to file an updated tariff reflecting this change within 30 days of the issuance of this Order.

3. For Large QFs not eligible for standard offer rates, Duke shall prepare and file a tariff that is similar in structure to the Standard Offer, but is to apply to Large QFs including those with energy storage. In calculating rates under that tariff, Duke shall use a

"flat," technology-neutral 100 MW production profile rather than a project-specific profile, but shall calculate rates using updated inputs. Duke shall use the consistent inputs for the calculation of energy and capacity rates for Large QFs. Duke shall provide detailed information regarding those updated inputs on request to any Large QF negotiating a PPA with Duke.

4. The Commission grants limited rehearing in this docket so that parties may present evidence regarding concepts " commercially reasonable fixed price power purchase agreements with a duration longer than ten years, which must contain additional terms, conditions, and/or rate structures . . . including, but not limited to, a reduction in the contract price relative to the ten year avoided cost."

5. The Clerk shall open separate docket for the purpose of initiating an Integration Study for the DEC and DEP service territories, as authorized by Act 62.

6. Except as noted herein, the Commission denies all parties' petitions for reconsideration, clarification, and/or limited rehearing.

SO ORDERED.

Respectfully submitted this 14th day of February, 2020.

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